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UNCTAD VIII

Substantive preparations for the eighth session of the United Nations Conference on Trade and Development

Part V: ISSUES RELATING TO THE LEAST DEVELOPED COUNTRIES AND ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES */

A. Follow-up of the Programme of Action for the Least Developed Countries for the 1990s

*/ Revised text of document TD/B(S-XVII)/CRP.4/Add.5 by Working Group II

GE.92-50320

Part V

ISSUES RELATING TO THE LEAST DEVELOPED COUNTRIES AND ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES[1/]

A. Follow-up of the Programme of Action for the Least Developed Countries for the 1990s[2/]

1. Particular attention needs to be paid to the reactivation and acceleration of growth and to sustained development in the least developed countries. [All parties should consider the effective implementation of] The Programme of Action for the Least Developed Countries for the 1990s [should be implemented fully, effectively and on a timely basis by all parties]. In the development partnership underlying the Programme of Action, the LDCs have the primary responsibility for elaborating and implementing effective strategies and policies for their growth and development, including policies for the eradication of poverty, and their development partners have accepted the responsibility for supporting these efforts.

2. Accordingly, all LDCs should enhance the implementation of national policies and measures in line with the Programme of Action, including through macroeconomic policies conducive to long-term, sustained growth and sustainable development, the promotion of individual initiative and broad-based popular participation in the development process, the enhancement of human and institutional capacities and the expansion and modernization of the economic base. Their development partners should [consider effective implementation of] [effectively implement] the commitments they have undertaken in the Programme of Action in all areas of international support, including ODA, debt relief and external trade [in the context of other assistance programmes].

3. Recent developments call for [the international community to consider] a number of additional actions in favour of the least developed countries, including the following:

[(a) the upward adjustment of the aid targets [undertaken by donor countries] [established] in the Programme of Action as and when countries are added to the list of the LDCs 3/ so as to cover both the current level of assistance to the countries added and their additional resource requirements. The Governing Council of the UNDP is also invited to consider adjusting the total allocation of IPFs to LDCs in the light of additions to the list of the LDCs;]

[(a) following the addition of six countries to the list of LDCs by the UN General Assembly since the Paris Conference, the aid targets established in the Programme of Action should be increased by at least 15 per cent reflecting the increase in the overall size of the population of LDCs arising out of the above addition. In view of the stagnating flow of ODA to LDCs in real terms and a fall in the level of per capita ODA, the donors should redouble their efforts to realize their commitment to provide LDCs a significant and substantial increase in the aggregate level of external support. The Governing Council of the UNDP is also invited to consider adjusting appropriately the allocation of the IPFs to LDCs as a group in the light of additions to the list of LDCs;]

[(a) The 1992 Spring TDB should, when undertaking the review of progress in the implementation of the Programme of Action, consider the implications of UN General Assembly resolution 46/206, including the implications for the commitments contained in the Programme in respect of the levels of ODA;]

1/ Proposals were made to place section A of part V under part IV.

2/ The amendments to the text submitted by the LDC delegations are preliminary.

3/ The United Nations General Assembly at its forty-sixth session, decided to add the following countries to the list of LDCs: Cambodia, Madagascar, Solomon Islands, Zaire and Zambia.

[(b) debt cancellation by creditor countries, as provided for in Part IV of this document;]

[(b) reduce the debt stock and debt-servicing burden of the LDCs, including debt due to multilateral financial institutions; for this purpose:

(i) all donors which have not yet implemented debt relief programmes should, as a matter of urgency, take steps to cancel or provide equivalent relief on all LDCs' ODA debt;

(ii) the creditors should agree to cancellation of all LDCs' bilateral official debt, including the non-concessional part of this debt;

(iii) appropriate measures should be taken to alleviate the multilateral debt of LDCs, and new multilateral financing should be on concessional terms only;

(iv) LDCs with overdue financial obligations should be helped to clear their arrears and be provided with finances required for adjustment programmes;

(v) additional resources should be provided to reduce LDCs' commercial debt through, inter alia, implementation of debt buy-back and conversions schemes;

(vi) UNCTAD should convene, in collaboration with the relevant multilateral institutions and development funds, LDCs, donor countries, creditors, and NGOs, an expert group meeting to review the experience gained of mechanisms used so far for commercial debt reduction in the LDCs and to explore further initiatives which could be taken to help LDCs eliminate their commercial debt;]

[(c) adequate support for recent policy reforms adopted by many LDCs to improve the climate for private foreign investment; [this support could take the form of appropriate mechanisms to facilitate such investment and of legal, fiscal and other incentives by the home countries concerned;]]

[(d) the implementation of [external support] measures to improve substantially market access for the export products of the LDCs,

including the improvement and simplification of GSP schemes [for these countries, and to enhance their access to technology as called for in Part IV;]]

[(d) the implementation of external support measures to improve substantially market access for the export products of the LDCs, in particular through:

(i) enhanced access for products of LDCs through the elimination of tariff and non-tariff barriers;

(ii) the fullest possible liberalization of trade in textiles;

(iii)special treatment for tropical and natural-resource-based products of special interest to LDCs;

(iv) exemption from any new commitments over and above those already undertaken and from any initial commitments in the new areas of TRIPs, TRIMs and services;

(v) advanced implementation of MFN concessions of particular interest to LDCs made by the contracting parties to the GATT;

(vi) improvement in GSP schemes by increasing the range of products covered or the tariff concession, flexible and preferential application of the rules of origin, exemptions from quotas and ceilings, and greater long-term stability and predictability in the management of GSP schemes; developed countries are strongly urged to take steps to simplify procedures and help LDCs take full advantage of the GSP schemes;]

[(d.1) donor countries and multilateral financial and development institutions should provide land-locked LDCs with adequate financial and technical assistance in the form of grants for the development, maintenance and improvement of their transit infrastructure and facilities;]

[(d.2) as stressed in the Programme of Action, the international community should intensify its support for LDCs' efforts towards diversification, increased processing and increased participation in the marketing of their products by providing adequate financial and technical assistance;]

[(d.3) the International Monetary Fund is called upon to facilitate LDCs' access to the resources of its CCFF on concessional terms; the EEC and Switzerland are requested to increase the resources of their compensatory programmes, and other developed countries to establish similar programmes;]

[(e) the provision by development partners of support and assistance to mitigate the adverse consequences of unforeseen developments for the economies of the LDCs;]

[(f) Concrete [and additional] support measures to tackle the twin problems of poverty and environmental degradation in the LDCs;]

[(g) adequate humanitarian assistance to those LDCs facing acute problems arising from refugee flows, migration and population displacements caused by natural and man-made disasters.]

[3 bis. The development partners reaffirm that their cooperation with the countries of Central and Eastern Europe and the CIS will in no way adversely affect their commitments undertaken in the Programme of Action, particularly in the areas of resources flows and LDCs' access to developed countries' markets.]

[4. As recognized by the Second United Nations Conference on the Least Developed Countries, domestic instability in some LDCs has had adverse effects on their development. The end of the Cold War and the progress recently achieved in the settlement of regional conflicts could provide opportunities for reducing such instability. The LDCs concerned should make determined efforts to restore and maintain internal stability with a view to creating conditions for the reactivation of their development process. The international community should provide [full] [adequate] support for the efforts of these countries in this regard and assist in the rehabilitation and reconstruction of their economies.]

[4 bis. The General Assembly decided that regular monitoring of the progress on the Programme of Action should be taken at three levels, namely national, regional and global, and that the Trade and Development Board of UNCTAD should consider annually the review of progress at the global level. Country review mechanisms such as UNDP Round Tables and World Bank Consultative Groups would continue to constitute the backbone of the country review process. In this connection, the need for the following should be stressed:

(i) organizing country review meetings on a more systematic and regular basis;

(ii) assisting LDCs in strengthening their capacity to ensure their leadership role in the country review process;

(iii) establishing strong links between the follow-up at the national and the global levels;

(iv) the Trade and Development Board to take corrective measures, when necessary, to ensure the realisation of the objectives of the Programme of Action.

(v) all governments, UNCTAD and the organs, organizations and agencies of the UN system to take early and adequate preparations for an effective and comprehensive mid-term review of the Programme of Action in 1995.]

5. The importance of effective follow-up and monitoring mechanisms for the Programme of Action have been stressed by the United Nations General Assembly which, in its resolution 45/206, provided, inter alia, for an annual review of progress in the implementation of the Programme by the Trade and Development Board. The General Assembly, at its forty-sixth session, requested the Secretary-General of the United Nations to obtain extra-budgetary resources to defray the cost of participation of one representative from each LDC, at the annual review by the Board. The Conference strongly urges donor governments and organizations to make available adequate resources for this purpose.

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B. Economic co-operation among developing countries

*/ Revised text of document TD/B(S-XVII)/CRP.4/Add.5 by Working Group II

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Economic co-operation among developing countries

1. Stronger economic co-operation among developing countries (ECDC) has long been accepted as an important component of efforts to promote economic growth, technological capabilities and accelerated development in the developing world. It could enable them to exploit more effectively the latent complementarities in their economies, promote a fuller and more effective mobilization of their resources, gain access to additional resources and knowledge, and enhance the negotiating weight necessary to advance their common interests.

2. The recent changes in the global political and economic environment have made the role of ECDC in any global strategy of development even more important. In the new context of market-oriented reforms and export-oriented growth strategies that are being pursued by most developing countries, ECDC should also be seen as a means for developing countries of securing their effective integration in the world economy and of increasing their capacity to produce, achieve economies of scale and become internationally competitive.

3. The optimism of the 1970s about the potential of ECDC was not borne out by the record the of 1980s. Integration groupings in all regions were confronted with difficult circumstances. Their institutional frameworks and co-operation mechanisms proved inadequate to meet the crisis which member countries experienced in their external sectors. The intra-trade of developing countries suffered a setback and payments, clearing and credit arrangements functioned at a low ebb. South-South trade and economic relations remain the weakest link in the network of international economic relations.

4. Even so, interest in political support for ECDC has remained undiminished in recent years, and integration processes at the regional and sub-regional level have received fresh impetus. Virtually every sub-regional and regional grouping has taken initiatives to improve its instruments of co-operation and to adapt them to the new realities. There is currently a stronger recognition of the link that should exist between national development policies and long-term integration objectives.

5. The expansion of trade, which is at the centre of co-operation efforts within groupings, depends vitally on the reduction of tariffs, the elimination of non-tariff barriers, the introduction of more transparent and simple customs procedures, macroeconomic policy co-ordination to ensure the needed covergence of national price trends and exchange-rate stability, and effective clearing and payments arrangements as well as the improvement of physical infrastructures. Participants in regional and other co-operative arrangements among developing countries should intensify their efforts in all these areas. [UNCTAD secretariat and intergovernmental machinery should examine the benefits to be derived by developing countries from reduction of trade barriers and improved policy-co-ordination among them.] Regional co-operation also needs to extend beyond trade to such areas as training and research, environment, natural resources and energy.

6. At the interregional level, the GSTP Ministerial Meeting held in Teheran in the course of the Seventh Ministerial Meeting of the Group of 77 in preparation for UNCTAD VIII, adopted a Declaration launching the Second Round of Negotiations under the Global System of Trade Preferences (GSTP) among developing countries. In this connection the potential contribution of ECDC to the least developed countries trade and development was underlined, particularly in view of the provision for special treatment for the least developed countries in the GSTP Agreement and urged for continued translation of the provision for special treatment into concrete beneficial measures in favour of them. [Furthermore, it should be emphasized that transparency to the maximum extent possible will be required for the benefit of the world economy as a whole].

7. Developing country groupings have intensified their search for international financial support for economic co-operation programmes and projects. While the implementation and strengthening of ECDC is primarily the responsibility of developing countries, the international community should play a significant role in ECDC success through its financial assistance, technical co-operation and other support for specific economic co-operation programmes and projects of individual interregional, regional and sub-regional integration groupings, as well as for regional infrastructural projects covering such areas as environment, communications and transport infrastructure, to complement the efforts of developing countries to strengthen South-South trade and economic relations.

8. The demands of structural adjustment should not divert attention from long-term integration objectives. Adjustment programmes financed from bilateral and multilateral sources should as far as possible take into account their impact on regional co-operation and integration. Likewise, the allocation of aid resources should support regional trade liberalization processes among developing countries. The international community, including especially the developed countries, should support the efforts of the regional and sub-regional groupings of developing countries to promote and encourage enterprise and entrepreneurship.

9. Advisory and other technical assistance services of the organizations of the United Nations system for ECDC activities should also be intensified. In this context, UNCTAD should play an important role in furthering sub-regional, regional and interregional economic co-operation and integration among developing countries.

10. [Work on the main impediments and disincentives that adversely affect the expansion of trade among developing countries should be pursued. All countries and relevant institutions are invited to co-operate fully with the Secretary-General of UNCTAD in his consultations on the feasibility of establishing an interregional trade financing facility among developing countries as requested by the Trade and Development Board.]

[Existing national and regional trade financing schemes have performed an important role by financing a small share of a dynamic component of South-South trade. However, their resource base and ability to extend medium and long-term finance is small and has been restricted by the financial squeeze. Financial and technical assistance to these institution would enhance their efficiency and allow them to play a bigger role in promoting small and medium size expert oriented enterprises.

Work on the feasibility of the establishment of an international trade financing facility, to underpin the initiatives of the developing countries towards mutual trade liberalization, should be pursued. In this context, availability and accessibility to trade financing on appropriate terms and conditions from all sources, including such as an eventual ITFF, should be increased, with the objective to further the developing countries' exports and participation in world trade and improve their terms of trade.

The implementation of ECDC and its furtherance is the responsibility of the developing countries. However, the contribution of developed countries to these efforts is important, in particular, their participation in an eventual ITFF would be critical for its early success and marketability.]